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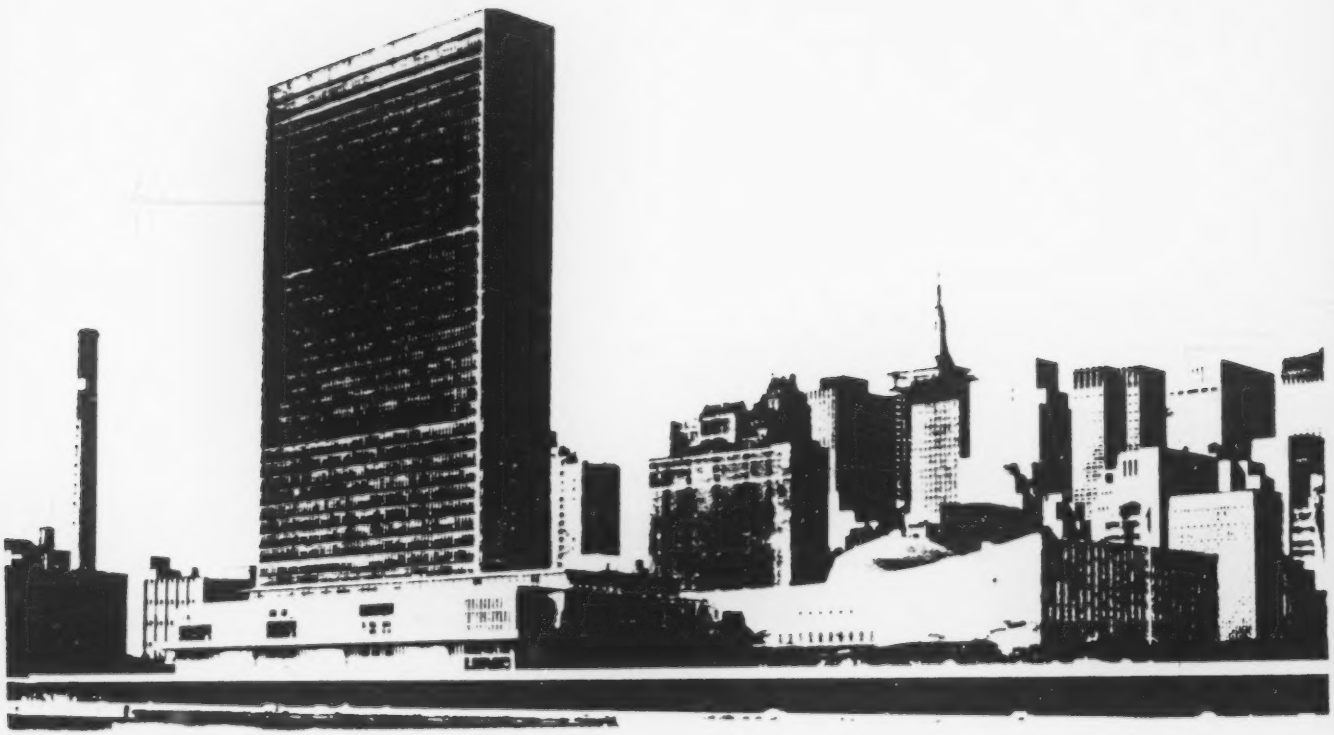
PROJECT EXCELLENCE:

Perceptions of Corporate Social Involvement
...A survey of 64 cities



The Center for Corporate Community Relations

The Center for Corporate Community Relations at Boston College is a national educational and research organization committed to helping corporations maintain a positive presence in communities while improving the quality of community life. The Center conducts institutes for managers and community relations professionals; collects, analyzes and disseminates information on community relations activities; promotes opportunities for the cooperation of business and community leaders; publishes a newsletter on community relations issues; and provides consultation to corporations interested in developing or improving their programs. Many of these services are available at a reduced cost with a Center corporate membership. To order additional copies of this report or for more information, contact The Center for Corporate Community Relations, Boston College, McGuinn Hall, Chestnut Hill, MA 02167, (617) 552-4545.

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A research report from
The Center for
Corporate Community Relations

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Foreward

This is the first in a series of research reports to be published by The Center for Corporate Community Relations at Boston College. This report focuses on the perceptions local officials have of the community relations performance of companies in their cities.

The purpose of Project Excellence is to begin to identify those corporations known for their community relations programs and policies. The findings of this study are limited in that we surveyed only a select group of community officials—mayors, Chamber of Commerce executives, and United Way executives—in cities with populations over 200,000. To survey a broader range of community leaders in smaller cities as well would have been desirable, but not feasible financially.

Nonetheless, this report represents a start. It begins to identify companies who excel in community relations, and also helps to articulate future questions regarding performance and corporate reputation.

This study would not have been possible without the help and support of a number of people. We are deeply appreciative of the cooperation received from Thomas L. McClimon and the U.S. Conference of Mayors, William Aramony and the United Way of America, and James L. Sullivan of the Boston Area Chamber of Commerce. The overwhelming response to our survey is testimony to the high regard in which these people and their organizations are held.

We also wish to thank each of the 121 raters who participated in this survey. In an age when "junk mail" and "circular file" have found a place in ordinary language, they opened their mail and took the time to complete yet another survey. We thank them one and all.

EDMUND M. BURKE
Director

Introduction

The idea that a corporation has a special responsibility to the health and welfare of the communities in which it is located has gained wider acceptance in recent years. This is evidenced both by increased corporate giving and the proliferation of employee volunteer programs.

Many companies are understandably proud of their social involvement, but have no formal way of knowing how their contributions are perceived by the community or how their involvement compares with that of other corporations in the area. With this in mind, The Center for Corporate Community Relations conducted a national study to identify corporations with reputations for excellence in community involvement.

Through a mail survey, mayors and executives from the local United Way and Chambers of Commerce in 72 major U.S. cities were asked to name the companies in their area with excellent community relations. Respondents were provided with eight criteria for excellence and asked to recommend up to nine companies in their geographic area that best satisfied them. The results of the survey, completed in July 1986, are presented in this report.

The findings reported here describe the perceptions that local officials have of the community relations performance of corporations. Thus they describe corporate reputations rather than the performance itself. Reputation, of course, can be grounded in substance or it can be the result of effective public relations—or both. However, no effort was made to measure actual performance in this study.

Other studies surveying different cities or organizations or using other criteria might very well arrive at different results; however, it is our belief that the organizations and cities included in this survey represent an important cross-section of opinion in America.

Acknowledgements

In conjunction with this study, The Center is deeply appreciative of the cooperation received from the U. S. Conference of Mayors, the United Way of America and the Boston area Chamber of Commerce. The overwhelming response of local officials to our survey is testimony to the high regard in which these organizations and their leaders are held.

How the Study Was Conducted

The study sample consisted of community officials in the 72 cities in the United States with a population of 200,000 or more. A rating package was sent to the mayors, United Way executives and Chamber of Commerce executives in these cities. Assistance was provided by the U.S. Conference of Mayors, the national headquarters of the United Way and by the Boston area office of the U.S. Chamber of Commerce.

Several weeks after the initial contact, each respondent was sent a follow-up postcard and, several weeks after that, a phone call was made to each office that had not yet returned the form.

The Meaning of Excellence

What constitutes excellence in corporate community relations? Ask ten people and you might very well get ten different answers. Some would no doubt point to a company's contributions program as a percent of after-tax profits. Someone else may argue that it is the extent of employee participation in volunteer activities, while others might claim that the community leadership demonstrated by senior management is the best single measure of the company's community performance.

In a study of this type, it was important that the respondents have some common guidelines in mind while making their selections. Thus they were provided with a set of eight criteria representing eight dimensions along which the social commitment and community involvement of a corporation can be measured. These criteria are as follows:

1. **Executive leadership.** Does senior management play an active leadership role in the community?

2. **Contributions practices.** Is the company a leader in cash and in-kind contributions to community organizations and programs?

3. **Employee involvement.** Does the company actively encourage and effectively facilitate employee involvement in community activities?

4. **Innovative programming.** Has the company shown special imagination in developing innovative community relations programs?

5. **Collaborative leadership.** Has the company initiated collaborative projects with other corporations, public agencies or community groups?

6. **Relevance of programs.** Has the company been able to identify and respond to the more critical needs of the community?

7. **Effectiveness of programs.** Have the company's programs had a significant impact in the community?

8. **General reputation.** Does the company project a good-neighbor image within the community?

Raters were asked to keep these criteria in mind as they considered which companies in their area stood out above the rest.

Study Findings

The Center 186

Which corporations have the strongest reputations among the raters for excellence in community relations? Of the tens of thousands of companies located in the 64 cities that responded to the survey, the raters singled out 584 for special mention. Of these 584, a select group of 186 appear to have especially strong reputations among local officials. These are companies that received at least two votes from the raters in their local area. In Table I (page 7), we are pleased to present The Center 186—corporations with a reputation for excellence in community relations in their local areas.

Included in The Center 186 are such familiar names as American Express, IBM and AT&T, but also a number of companies that are virtually unknown outside their local areas—companies such as The Andersons from the Toledo, Ohio, area and C. J. Segerstroms & Sons of Santa Ana, California.

The vast majority of these 186 companies (89%) received the maximum number of votes possible from their community raters, while the remainder received two out of a possible three votes. What types of companies tend to have a strong reputation for excellence in community relations? A closer look reveals the following:

- The Center 186 is dominated by manufacturing firms, banks and utilities. Thirty percent of this group are manufacturing firms while 24% are banks and 16% are utilities.

- High technology companies make up about three out of every ten of the manufacturing firms on the list, but chemical companies comprise only one in twenty.

- Raters were far more likely to vote for a company whose corporate headquarters were located in their city than one with a branch or regional office. Eighty-nine percent of the companies noted for a strong local presence have their corporate headquarters located in the rater's metropolitan area.

- Forbes 500 firms are well represented. Sixty-nine percent of The Center 186 are on the Forbes list, including 44 of the top 100 and six of the top ten in sales.

- Small businesses—those companies with fewer than 500 employees—make up only 6% of this select group.

Response to the Survey

At least one response was received from 64 cities or 89% of those invited to participate. A list of participating cities can be found in Appendix A. Fifty-six percent of all those sent surveys responded. A further breakdown shows that:
54 United Ways responded—a 75% response rate
40 Chambers of Commerce responded—a 56% response rate
27 mayors' offices responded—a 38% response rate

These 121 respondents submitted a total of 1,004 recommendations and mentioned 584 different companies.

Reputation Beyond the Local Area

While many companies limit their major operations to only one or two cities, others operate several major facilities spread throughout a geographic region or even the entire country. How did these companies fare with the raters in all of the participating cities where they have a major presence? In other words, which of The Center 186 have earned a broader based reputation for excellence in community relations that stretches beyond a single city? Of the 186 companies with strong local reputations, 23 received at least one vote from three or more cities. In addition to these 23, there were eight other companies that received one vote from three or more cities. Such a performance probably suggests the

existence of an effective company-wide community relations effort on the part of these 31 companies.

Admittedly there are drawbacks to the use of the three cities criterion as a cutoff point—e.g., some well-known companies such as American Express and Raytheon were eliminated because only two of their home cities participated in the survey. Other companies are excluded because their major facilities tend to be located in or near cities that are smaller than those surveyed in this study. But the line had to be drawn somewhere, and this seemed as good a place as any.

Which of these 31 corporations have the strongest reputations among the raters for responsible corporate citizenship? Because there is no single factor on which an answer to this question can be based, a ranking procedure was developed (described in Appendix B) that combines a company's performance on three different indicators to produce a single rank.

The three indicators used to compare the reputations of companies were:

1. the largest number of recommendations received locally by a company;

2. the ratio of cities recommending a company to the total number of chances they had of being recommended in participating cities where they have a major corporate presence; i.e., the location of either corporate, division or subsidiary headquarters or other major facility within the geographic boundaries of a city; and

3. the proportion of all possible recommendations received by a company from cities where it received at least one vote.

Three ranks were calculated for each of the 31 companies mentioned in three or more cities—one for each of the three indicators. An overall rank—a simple average of the three—was then computed for each. Companies were then rank-ordered according to their average rank. The complete results of these ranking procedures showing the performance of the 31 companies on each indicator can be found in Table B1 of Appendix B (page 19).

Table II (page 13) presents, in rank-order, the 31 corporations with the broadest based reputations for community involvement in the 64 participating cities.

The results of the ranking procedure in Table II show clearly that, as a group, regionally based corporations—such as telephone companies—fared better than national or multinational firms. There are some obvious reasons for this. In general, the smaller the geographic area of a company's market, the easier it is for it to focus its community relations efforts and have a greater impact on local communities and officials. Thus in a reputational study of this type, nationally based companies are at somewhat of a competitive disadvantage vis a vis regional operations.

Nationally based firms heading the list include IBM, Honeywell and GTE. The top three regional companies are two western telephone systems—USWEST (Mountain Bell, Northwestern Bell, Pacific Northwest Bell) and Pacific Telesis (Pacific Bell)—and BankAmerica Corporation.

The overall list includes 12 manufacturing firms, eight utilities, four banks and four retail chains. Three high tech companies, two newspaper publishers, one insurance company and one accounting firm are also represented. Notably absent from the list are chemical and pharmaceutical companies.

Twenty-eight of the 31 are listed in the Forbes 500, including six of the top ten and nine of the top 25 in sales. Based on number of employees, the smallest company to make this select list is Banc One Corporation of Columbus, Ohio, while the largest is General Motors.

Study Highlights

The 121 officials who responded to the survey submitted a total of 1,004 recommendations. In the preceding sections, specific companies receiving the greatest recognition were singled out. In this section, the characteristics of all companies recommended by the respondents are explored in more general terms. An analysis of the 1,004 recommendations reveals the following.

- Three industrial sectors appear to be dominant in the field of community relations—at least in the minds of the raters. They are manufacturing, the banking industry and public utilities. Twenty-nine percent of all the recommendations made were manufacturing firms, 19% were banks, and 16% were either telephone companies, gas or electric utilities. Thus, these three sectors constitute 64% of all the raters' selections.

- Telephone companies, in particular, have done a remarkable job of convincing local leaders that they have the best interests of the community at heart. Almost all of the major telephone companies received impressive ratings in their regions.

- Of all the manufacturing firms mentioned, three out of every ten were high technology companies while only one out of thirteen was a chemical company.

- Companies included in the Forbes 500 received a good deal of attention from the raters. Sixty-three percent of all recommendations went to these prestigious firms. In fact, 219 or 44% of the Forbes 500 in sales received recognition from the raters including 71 of the top 100 firms.

- Although companies included in the Forbes 500 received frequent mention, the raters were just as likely to identify small companies (fewer than 500 employees) as having strong community relations as they were the very large (100,000 or more).

- A company was much more likely to be recognized for excellence in community relations if its corporate headquarters or the headquarters of a major subsidiary or division were located in the rater's metropolitan area. This was true of 80% of all recommendations.

- There are some distinct differences among mayors, Chamber and United Way executives in the types of companies that they hold in high regard. For example, mayors and United Way executives have greater respect for high technology companies while Chamber executives were more likely to recommend traditional manufacturing firms.

- Variations in city size among these large cities seems to have little effect on the types of industries recommended with one exception. Raters from larger cities (over 500,000) were twice as likely to recommend firms in retail sales than were their counterparts in the smaller cities (200,000-500,000).

Questions Raised by the Study

It is a truism in research that most studies raise more questions than they answer. Such questions can be used both to stimulate discussion of the findings and to guide the design of future studies. Some of the questions raised by this study are summarized below.

1. **Why are telephone companies held in such high esteem by these local officials?** Is their overall community relations performance really that good or is it simply because they perform such a vital function for the community?

2. **Why do mayors and United Way executives recommend high technology companies more frequently than Chamber executives?** A possible explanation is that the former groups depend more heavily on the economic contribution of the high technology sector to their programs. As a result, they may be more familiar with the activities of these companies. Similarly, perhaps the older and more established manufacturing firms are more likely to be members of and support the programs of the local Chamber.

In this regard, a recent study of corporate community involvement in the San Francisco Bay area found that senior executives of the newer high tech companies were less involved in the executive network then their counterparts in the older corporations, and that their companies tended to limit their involvement more to the local suburban or outlying town rather than to the larger San Francisco Bay area. *

3. **Why were so few chemical companies recommended by the raters?** It is possible that geographic location is an important factor here. The raters considered only corporations that have a major impact on their cities—64 of the largest in the country. Perhaps many chemical companies are located in or near smaller cities or too far outside the boundaries of the major cities to have been considered by the raters.

4. **Which of the eight criteria were most important in the rater's minds?** The raters were asked to use the criteria as guides but were not required to show how they were applied. Do mayors tend to place greater weight on certain criteria and United Way or Chamber executives on others? For example, is it possible that United Way executives might be more interested in the level of contributions while mayors might be more sensitive to the role of the CEO?

5. **Were the judgements of the raters' affected by criteria other than the eight provided?** For example, it seems plausible that mayors might feel that a corporation's community involvement should be judged primarily on the basis of the number of local people it employs and the amount it contributes to the city in tax revenues.

6. **Would the results have been much different if a different set of local officials had been asked to do the rating?** For example, the president of the local council of churches, the head of an environmental group, and the president of the local chapter of the NAACP might have been asked to participate. These are people with constituencies and agendas somewhat different from each other and quite different from the three chosen.

These are some of the more important questions raised by the study that should be kept in mind when interpreting the results. The reader will no doubt think of others. It is important that any future research on corporate reputations for community involvement take them into account.

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*Lee Burke, Jeanne M Logsdon, Will Mitchell, Martha Reiner and David Vogel, "Corporate Community Involvement in the San Francisco Bay Area," California Management Review, vol. 28 (Spring 1986), pp. 122-141.

Table I

The Center 186

Corporations Receiving Multiple Votes Locally

Company	No. Cities Recommending	Total Votes	Total Votes Possible*
Allen Bradley	1	2	3
American Express (IDS/Shearson-Lehman)	2	4	4
American United Life Insurance	1	2	2
Ameritech (Indiana Bell, Illinois Bell, Michican Bell, Ohio Bell, Wisconsin Bell)	5	7	11
The Andersons (Toledo)	1	2	3
Anheuser Busch	2	3	3
Arkla Gas (Shreveport)	1	2	2
Arnel Management and Development (Santa Ana)	1	2	2
Ashland Oil-Valvoline Division	1	3	3
AT&T (American Transtech)	11	13	20
Atlantic Richfield (Arco Chemical)	4	5	7
Baltimore Gas & Electric	1	2	2
Banc One (Columbus, Dayton, Lexington)	3	5	7
Bank IV Wichita	1	2	2
Bank of Boston	1	2	2
Bank of New England	1	2	2
BankAmerica (Bank of America NT&SA/ Seattle First)	8	11	13
Barnett Banks of Florida	1	2	2
Batus (Brown & Williamson)	1	2	3
Bausch & Lomb	1	2	2
Bell Atlantic (Bell of PA, C&P Tel., NJ Bell)	6	8	13
Bellsouth (Southern Bell and South Central Bell)	8	12	18
Boeing	2	4	5
Brown-Forman	1	2	3
Capital Holding (Louisville)	1	3	3
Central & Southwest (SWEPCO/ Central Power & Light)	2	3	3
Cessna Aircraft	1	2	2
Chase Manhattan (Chase Lincoln First)	2	3	4
Chevron	2	4	4
CIGNA	1	3	3
Citizens Fidelity	1	3	3
Citizens & Southern Georgia	1	2	2
Clorox	1	2	2
CMI	1	2	2
Coca Cola Bottling Co. of Memphis	1	2	3
Coca Cola	2	3	5

*The total number of raters that responded to the survey from those cities where the company received at least one vote.

Company	No. Cities Recommending	Total Votes	Total Votes Possible
Coleman	1	2	2
Commercial Federal Savings (Omaha)	1	2	2
Commercial National Bank (Shreveport)	1	2	2
Commonwealth Edison	1	2	2
Computer Task Group	1	2	2
Coors Distributing (Ft. Worth)	1	2	2
Crown Central Petroleum	1	2	2
CSX	1	2	2
Current	1	2	2
Dana	1	2	3
Dayton Power & Light	1	2	2
Dayton-Hudson (Mervyn's and Target Stores)	8	11	14
Deposit Guaranty National Bank (Jackson)	1	3	3
Detroit Edison	1	2	2
Dickshire Coors Distributing (El Paso)	1	2	2
Duke Power	1	2	2
Eastman Kodak	1	2	2
Eli Lilly	1	2	2
Empire of America (Buffalo)	1	2	2
Enron	1	2	2
Exxon	3	3	7
Federal Express	1	3	3
Federated Department Stores (Bullocks, Burdines, F & R Lazarus, Foley's, Rich's and Sanger-Harris)	7	9	10
First American Title Insurance	1	2	2
First Bank Systems	1	2	2
First City National Bank (Houston)	1	2	3
First Jersey National Bank	1	3	3
First Kentucky National	1	3	3
First National Bank of Shreveport	1	2	2
First Tennessee Bank	1	3	3
First Union National Bank (Charlotte)	1	2	2
First Wachovia (Wachovia Bank & Trust, First Atlanta)	2	3	4
First Wisconsin	1	2	3
Fisher Price	1	2	2
Foodtown Supermarkets (Lexington)	1	2	3
Freeport-McMoran Energy Partners	1	2	2
Gannett	3	4	2
General Electric	4	5	6
General Mills	1	2	2
General Motors (Hughes Aircraft)	9	12	20
Giant Food	1	2	2
Goldome, FSB (Buffalo)	1	2	2
Graphic Controls	1	2	2

Company	No. Cities Recommending	Total Votes	Total Votes Possible
GTE (Gen. Tel. of Calif./Hawaiian Tel.)	4	5	5
Harte-Hanks Communications	1	2	3
Holiday Corporation	1	3	3
D.H. Holmes Co., Ltd. (New Orleans)	1	2	2
Honeywell	3	4	4
Hospital Corporation of America	1	2	2
Humana (Humana Hosp.-Lexington)	2	4	6
Huntington National Bank (Columbus)	1	2	2
IBM	13	15	23
Indiana National	1	2	2
Interfirst Bank (Ft. Worth)	1	2	2
Stuart C. Irby (Jackson)	1	2	3
Jefferson-Pilot (Jefferson Standard Broadcasting)	1	2	2
Jerrico	1	2	3
Jim Click Companies (Tucson)	1	2	2
John Hancock	1	2	2
Johnson Controls	1	2	3
Jostens	1	2	2
Journal Co.	1	2	3
Kaiser Aluminum & Chemical	1	2	2
Kentucky Central Life Insurance (Kentucky Finance)	1	3	3
Kentucky Fried Chicken	1	2	3
Landmark Communications	1	2	2
Levi Strauss	4	5	11
Libbey Owens Ford	1	2	3
Liberty National Bank & Trust (Oklahoma City)	1	2	2
Malone & Hyde	1	2	3
Manufacturers & Traders Trust (Buffalo)	1	2	2
Marine Midland Banks	2	3	4
Maritz	1	2	2
McDonnell-Douglas	2	3	4
McKesson	1	2	3
Mead	1	2	2
Mechanics Finance (Jersey City)	1	2	3
Michigan Consolidated Gas	1	2	2
Middle South Utilities (La. P & L, Miss. P & L, and New Orleans Public Service)	1	2	2
Monsanto	2	3	4
Mutual of Omaha	1	2	2
National Fuel Gas Distribution	1	2	2
Nationwide Life Insurance	1	2	2
NCNB (North Carolina National Bank/Bank of Florida)	2	3	3
NCR	2	3	4
New England Mutual Life	1	2	2

Company	No. Cities Recommending	Total Votes	Total Votes Possible
Niagra Mohawk Power	1	2	2
Nissan, USA	1	2	2
Norfolk Shipbuilding & Drydock	1	2	2
Norfolk Southern	1	2	2
Norstar Bancorp	1	2	2
Northern Telecom	1	2	2
Northwestern Mutual Life	1	2	3
NYNEX (New England Tel./New York Tel.)	2	4	4
Owens Corning Fiberglass	1	2	3
Owens Illinois	1	3	3
Pacific Gas & Electric	3	5	6
Pacific Telesis (Pacific Bell)	5	7	7
Philadelphia Saving Fund Society	1	2	2
Philip Morris (Miller Brewing)	4	6	10
Pillsbury	1	2	2
Price's (Norfolk)	1	2	2
Procter & Gamble	3	4	7
Protective Life	1	2	2
Provident Savings Bank	1	3	3
Prudential Insurance	2	3	3
Puget Sound Power & Light	1	2	3
Rainier Bancorporation	1	3	3
Ralston Purina	1	2	2
Raytheon (Beech Aircraft)	2	3	4
Rohm & Haas	1	3	3
Safeco Insurance	1	2	3
Safeway Stores	2	3	4
Schering-Plough	1	2	3
Sears, Roebuck (Allstate)	1	2	2
C.J. Segerstroms & Sons (Santa Ana)	1	2	2
Shawmut Corporation (Boston)	1	2	2
Shell Oil	2	4	5
Sheller Globe	1	2	3
A.O. Smith	1	2	3
SmithKline Beckman	1	3	3
Southern Company (Alabama Power/ Georgia Power)	2	3	4
Southern Natural Gas	1	2	2
Southwestern Bell	6	8	12
Sovran Bank (Norfolk)	2	3	4
Sun Company	2	4	6
Tandy	1	2	2
Tenneco	1	3	3
Tesoro Petroleum	1	2	3
Texas American Bank (Ft. Worth)	1	2	2
Texas Commerce Union Bank (El Paso)	1	2	2
Texas Eastern	1	2	3
Texas Electric Service	1	2	2

Company	No. Cities Recommending	Total Votes	Total Votes Possible
Textron (Bell Helicopter/Cherry Fasteners)	2	3	4
Toledo Trustcorp	1	2	3
Transamerica	1	2	3
Trustmark National Bank (Jackson)	1	3	3
Ukrop's Supermarkets (Richmond)	1	2	2
Union Pacific Railroad	1	2	2
Union Planters National Bank	1	2	3
United Services Automobile Association	1	3	3
United Virginia Bank	2	3	4
Universal Foods	1	2	3
USWEST (Mountain Bell, Northwestern Bell and Pacific Northwest Bell)	7	12	13
Valero Energy	1	2	3
Virginia Electric & Power	1	2	2
Weyerhaeuser	1	2	3
Wisconsin Electric Power	1	3	3
Wisconsin Gas	1	2	3
Xerox	1	2	2

Table II

Reputation For Excellence

Ranking of 31 Corporations Receiving Votes From Three or More Cities

Rank	Company*
1	USWEST (regional)
2	BankAmerica (regional)
3	Pacific Telesis Group (regional)
4	IBM
	Pacific Gas & Electric (regional)
6	Honeywell
7	GTE
8	Bellsouth (regional)
9	Bell Atlantic (regional)
	Southwestern Bell (regional)
11	Banc One (regional)
12	Atlantic Richfield
13	Federated Department Stores
14	Ameritech (regional)
	General Electric
16	Citicorp
	Exxon
	General Motors
	Lockheed
	Philip Morris
21	AT&T
22	Levi Strauss
23	Dayton Hudson
24	Carter Hawley Hale Stores
	First Interstate Banks (regional)
26	Gannet Company
27	Kroger (regional)
	Procter & Gamble
29	Knight Ridder Newspapers
30	Equitable Life Assurance
31	Arthur Anderson

*The names of the parent companies only have been included in this table.

APPENDIX A

Cities Participating in Project Excellence

At least one rater from 64 of the 72 cities invited to participate in Project Excellence responded to the mail survey. The participating cities are listed below.

Akron, OH
Albuquerque, NM
Atlanta, GA
Austin, TX
Baltimore, MD
Birmingham, AL
Boston, MA
Buffalo, NY
Charlotte, NC
Chicago, IL
Cincinnati, OH
Colorado Springs, CO
Columbus, OH
Corpus Christi, TX
Dayton, OH
Denver, CO
Detroit, MI
El Paso, TX
Fresno, CA
Ft. Worth, TX
Honolulu, HI
Houston, TX
Indianapolis, IN
Jackson, MS
Jacksonville, FL
Jersey City, NJ
Lexington, KY
Long Beach, CA
Los Angeles, CA
Louisville, KY
Memphis, TN
Miami, FL
Milwaukee, WI
Minneapolis, MN
Nashville, TN
Newark, NJ
New Orleans, LA
New York, NY
Norfolk, VA
Oakland, CA
Oklahoma City, OK
Omaha, NE
Philadelphia, PA
Pittsburgh, PA
Portland, OR
Richmond, VA
Rochester, NY
Sacramento, CA
St. Louis, MO
St. Paul, MN
St. Petersburg, FL
San Antonio, TX
San Diego, CA
San Francisco, CA
San Jose, CA
Santa Ana, CA
Seattle, WA
Shreveport, LA
Tampa, FL
Toledo, OH
Tucson, AZ
Virginia Beach, VA
Washington, DC
Wichita, KS

APPENDIX B

Ranking Procedures

Earlier in this report, 31 corporations were ranked according to the strength of their reputations for excellence in community relations. While a simple ranking procedure was considered based on the number of cities showing a company recognition and the total number of recommendations they received, such an approach did not seem valid. The top vote-getters—IBM, AT&T and others—might have been expected to receive more recommendations from a greater number of cities since they have a major corporate presence in more of the 64 participating cities. In addition, some of the companies may be located more often than others in cities where only one rater submitted recommendations and thus their total number is lower than it otherwise would have been.

To adjust for these two potential sources of bias, a ranking procedure was developed that made it possible to combine a company's performance on three different indicators and produce a single rank for each. These indicators are:

1. The largest number of recommendations received locally by a company.

2. The ratio of cities recommending a company to the total number of chances they had of being recommended from participating cities where they have a major corporate presence.

3. The proportion of all possible recommendations received by a company from cities where they received mention.

These indicators were applied to the 31 companies receiving mention in three or more cities as follows:

Indicator #1 - the largest number of votes received by a company locally

There were six ranks possible on this indicator with 1 being the highest and 6 the lowest. A company's rank was determined as follows:

Rank	Performance
1	company received 3 out of a possible 3 recommendations from one city plus either 2 out of a possible 2 or 2 out of a possible 3 from one or more
1	company received 2 out of a possible 2 from 3 or more cities
2	company received 3 out of a possible 3 from 1 city or 2 out of a possible 2 from 2 cities
3	company received 2 out of a possible 2 from one city plus 2 out of a possible 3 from 1
4	company received 2 out of a possible 2 from 1 city
5	company received 2 out of a possible 3 from 1 city
6	company received only 1 recommendation each from 3 or more cities

Indicator #2 - ratio of cities to total chances

To develop this indicator information was obtained on each company's major corporate presence in the 64 participating cities. For example, Southwestern Bell is located in nine of these cities. They received recommendations from six of these nine. Responses were received from a total of 18 raters in these nine cities. Thus Southwestern Bell had 18 chances to be mentioned and was in fact mentioned in six cities—a 33% performance. This percentage was the ninth highest among all corporations and thus Southwestern Bell was ranked ninth on this indicator.

Unless an indicator such as this is used to adjust for the overwhelming locational advantage of an IBM, an AT&T, or of national department and supermarket chains,

comparing their performances with those of companies with a more limited geographic base—such as Southwestern Bell or First Interstate Banks—is meaningless.

Indicator #3 - proportion of all possible recommendations received

This indicator can be used to adjust for any bias that results when some companies are located more often than are others in cities that submitted two or three sets of ratings, and were therefore more likely to receive a greater number of recommendations. To apply this indicator it is first necessary to look at the actual number of recommendations each company received. AT&T, for example, received 13. The next step is to determine which cities these recommendations came from and to calculate the total number of raters responding from those cities. In the case of AT&T there were 20 raters who responded to the survey from their 11 cities. This is the total number of recommendations AT&T could have received. The total number possible (20) is then divided into the actual number received (13) to arrive at a percentage for each company. For AT&T the result is 65%. Finally, these percentages are arranged in rank order (highest to lowest) and each of the 31 companies is assigned a rank corresponding to their position in the order. For AT&T, their percent was the eighth highest out of 31 and thus they were ranked eighth on this indicator.

After calculating ranks for the 31 companies receiving recognition from at least three cities on each of these indicators, an average rank could be computed for each. Once this was completed the companies were rank-ordered according to their average rank.

The complete results of these ranking procedures are presented in Table B1.

Table B1

Ranks Received On Three Indicators

By The 31 Companies Receiving Votes from 3 or More Cities

Rank	Company *	Indicator Ranks			Total	Average Rank
		1	2	3		
1	USWEST	1	3	2	6	2.0
2	BankAmerica Corp.	1	2	4	7	2.3
3	Pacific Telesis Group	2	7	1	10	3.3
4	IBM	2	1	8	11	3.7
	Pacific Gas & Electric	2	4	5	11	3.7
6	Honeywell	4	10	1	15	5.0
7	GTE	4	11	1	16	5.3
8	Bellsouth	1	9	7	17	5.7
9	Bell Atlantic	2	6	10	18	6.0
	Southwestern Bell	2	9	7	18	6.0
11	Banc One Corporation	2	6	12	20	6.7
12	Atlantic Richfield	4	5	12	21	7.0
13	Federated Dept. Stores	2	17	3	22	7.3
14	Ameritech	3	12	9	24	8.0
	General Electric	2	17	5	24	8.0
16	Citicorp	6	9	12	27	9.0
	Exxon	5	10	12	27	9.0
	General Motors	1	15	11	27	9.0
	Lockheed	6	15	6	27	9.0
	Philip Morris	2	14	11	27	9.0
21	AT&T	2	18	8	28	9.3
22	Levi Strauss	5	9	15	29	9.7
23	Dayton Hudson	4	17	9	30	10.0
24	Carter Hawley Hale Stores	6	20	7	33	11.0
	First Interstate Banks	6	13	14	33	11.0
26	Gannett Company	4	24	7	35	11.7
27	Kroger	6	23	7	36	12.0
	Procter & Gamble	5	19	12	36	12.0
29	Knight-Ridder Newspapers	6	20	12	38	12.7
30	Equitable Life Assurance	6	22	13	41	13.7
31	Arthur Anderson	6	21	16	43	14.3

* The names of parent companies only have been included in this table.

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